

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Receivables 1.0	EFFECTIVE DATE: 5/31/83
TITLE: Billing Procedures (Excluding BIS, Appropriation 831)	REVISION DATE: 08/04/94
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**POLICY**

Accounts receivable are defined as an amount of money due. Divisions or institutions with accounts receivable are to establish billing systems with proper internal controls. **All accounts receivable are to be recorded on the fiscal system (FMS) monthly, and FMS accounts receivable balances are to be reconciled to the accounts receivable subsidiary records monthly.**

In accordance with the *DOA External Accounting Manual*, any decision to not to bill valid obligations or any decision to cancel valid existing obligations requires the approval of the Administrator of the Division of Management Services or designee.

The following procedures are provided to establish uniformity concerning the billing process.

**PROCEDURES**

1. The Management Director will have the responsibility to set up proper internal controls. Proper internal controls require that the person who prepares the invoices and/or maintains the receivables records should not handle the receipt of money nor prepare the ST-1 to the State Treasurer. In addition, the person who handles the receipt of money should not reconcile the accounts receivable to the central accounting records or maintain accounts receivable records. Each organization shall document its procedures in writing and distribute them to all affected employees within the organization.
2. The billing organization shall prepare a prenumbered invoice billing for goods or services. The billing organization may use the form DMS-120 (Invoice) or an equivalent. All invoices shall be prepared timely and no later than thirty days after the liability is incurred. More frequent billings are encouraged for cash management purposes.
3. The original (white) and one copy (blue) of the invoice (DMS-120) are sent to the receiving organization; one copy is retained in the sending organization's files.

4. To establish an audit trail in FMS, the paying organization (in DHSS) may prepare a separate DMS-138 for each invoice being paid. By indicating the individual invoice number on each DMS-138, the machine-generated remittance advice will indicate each invoice number and the respective amounts being paid by the particular check received by the billing organization.
5. The journal voucher establishing the accounts receivable must be submitted to the Bureau of Fiscal Services **before the end of each month**. Sufficient detail should be provided to document the receivables being established, by invoice number or by an attached schedule.
6. The paying organization will approve the invoice for payment and prepare the proper voucher document to create a check for payment of the invoice.
7. When payment is received, the necessary ST-1 is submitted to the State Treasurer. Reference the appropriate receivable account and the invoice number or other appropriate number on the journal voucher submitted to the Bureau of Fiscal Services.
8. Should payment not be received within 30 days the billing organization is responsible for effecting collection in accordance with established policies and procedures. See **RECEIVABLES 2.0 (Collection and Write-off of Accounts Receivable)**.
9. Receivables records should be reconciled to FMS accounts once a month by an independent person and documented. It is important that all adjusting entries to FMS be made regularly and before year-end close-out. The billing ledger system should agree to FMS balances and to the annual Report on Receivables reported to the Legislative Audit Bureau.

#### **REFERENCES**

**RECEIVABLES 2.0 (Collection and Write-off of Accounts Receivable)**

#### **CONTACT PERSON**

Your Lead Accountant in the Bureau of Fiscal Services